

ATHLETIC FACILITIES

The second area of distinction between my budget and the Appropriations Committee is on the athletic facilities budget. I will tell that my original proposal mirrored a university proposal that they would be given \$10 million of state funds, they would raise \$10 million of private funds, and that would lead to a total package of twenty. The Appropriations Committee reduced that to a \$5 million appropriation and did not authorize the expenditure of any privately raised funds.

I would ask that you reconsider that decision by the Appropriations Committee. I think that it is a valid proposal and one that I hope will be considered on its merits. And I encourage you to consider it on its merits and that we set aside what I consider to be a somewhat inappropriate response by the university president to the actions of the committee. You are entitled to take those actions and we need to understand that the proper course is to ask the body to reverse them rather than to attack the committee. And in part I feel that way because, frankly, I don't get to attack the committee so nobody else should either.

CAPITAL CONSTRUCTION

First, I would start with the process, that in the preparing of our final budget recommendations, it quickly became apparent that two major capital construction funding issues have dominated the state agenda for the last several years: classroom construction and the deficiencies in our corrections system. Much work has been done by this body and by prior administrations in developing plans and programs to address significant problems in corrections. And efforts were made to carefully craft a response to the Supreme Court mandate on school construction. If you remember the end of last session, we had maturing plans and we had a clear state agenda reflected in the School Facilities Commission and reflected in Senate File 16's instruction with regard to corrections. But we lacked one essential element: We lacked money, and we did not know how we were going to implement these plans.

In late summer, the projected revenue suggested a high probability that we would indeed have funding available to implement these plans. The problem with sudden spikes in revenue is that they can blur our vision. We are tempted to tinker with the process and the projects – to fulfill the human need to make sure that our imprint is left on the process. For instance, my heart wanted to create an exception to the School Facilities guidelines for my alma mater in Thermopolis. But an exception for a school district based on sentiment would certainly offend the equality principles articulated by the Court. And a wholesale statewide change in the school facilities construction guidelines would have significant implications for the taxpayer and for the budget. So, with some effort, I rejected the demon of legacy and simply settled on the right course, which is to fund the plan that is in place. My recommended budget and the Appropriations Committee proposal largely fund the corrections and school construction agenda that has existed for many years.

And it is funded without increased government debt and without imposing any new, unnecessary taxes on our citizens. Let us stay the course. This is not the time for us to engage in fancy riding and trick-roping. This is not the time for us to decide that we're going to rethink the plans that have been put in place. They may need to be adjusted, but it went through my mind as I went through the budget process, "You know there's enough money, I could tinker with this. I could change this, I could change that, I could recommend this."

The problem with doing that is that we miss the opportunity to act on plans that have been painfully developed through the difficult process of compromise. Think about what the next biennium will be like if revenues remain high and if we have removed the albatross of school funding and corrections funding from this budget. You're talking about nearly \$500 million that would suddenly be available for either savings or whatever we decided to do with it. If we fail to act, and we fail to put that investment aside and revenues drop, we will be back here talking about debt, we will be back here talking about tax increases. I ask you to not miss this singular opportunity to implement plans and programs that have been developed by this body and past legislatures and past administrations over five to seven years.

It is a remarkable opportunity. It is not, unfortunately, a particularly inspiring one. You know, when you go around the state and you say, "We're going to build prisons and schools," people don't respond the same way as they do when John Kennedy said, "We're going to put a man on the moon in ten years."

But the consequence for the state is the same. By placing a man on the moon, we opened scientific and intellectual horizons that had not been opened before. We opened options for this country. By building these schools, by funding the prison construction, we open opportunities for the future of this state, and I hope that you will join me in that effort. I am pleased that the Appropriations Committee chose to do so.

CORRECTIONS

On the matter of corrections, I had recommended that we set aside \$125 million for the projects contemplated in Senate File 16 and another \$4 million for projects funded through the general state construction program.

While the Appropriations Committee did not follow all of this recommendation, they did recommend paying off a similar amount of prison construction bond indebtedness, and they did provide the funding for the new prison. There is about \$67 million that we would have set aside for the construction of the new prison in terms of cash. Instead of doing that, the Appropriations Committee chose to pay off a similar amount of debt. Now, I'm not sure that their approach isn't just as valid as mine, the distinction being as follows: I believe that their expectation is that revenues will go up and that we'll have the cash available. And while I want to hope for that, I believe that it is a bit more revenue-optimistic than I am prepared to be. There are differences, but they are different ways to get to the same goal. The Appropriations Committee invests \$125, \$127 million in

corrections; my budget did \$129 or \$128. The fact of the matter is, we're both headed to the point of trying to address a long-standing need in the corrections process, and I just don't see a great deal to be gained by arguing about it.

PERMANENT MINERAL TRUST FUND

Obviously, there is much more than luck to explain Wyoming's current circumstance. Over the decades, Wyoming has attempted to seek a balance that encourages a reasoned regulatory environment and access to federal lands for development. It is appropriate in this year, particularly since the Permanent Mineral Trust Fund just went over \$2 billion, that we recognize the leadership of past legislators and of Governor Hathaway, who, in 1974, put in motion the constitutionally mandated Permanent Mineral Trust Fund.

The fund exceeds \$2 billion. And regardless of any action we may take, good or bad, in the next twenty days – that Permanent Mineral Trust Fund is projected to receive more than \$200 million by operation of the Wyoming Constitution. \$200 million in the Permanent Mineral Trust Fund, and it was set in place by a group of people in this hall in 1974, and I think they deserve a note of thanks from us.

SAVINGS

The third area is that of setting aside money in various accounts as savings or a hedge against a decline in projected revenues. I emphasize "projected revenues" because the budget is premised on the Consensus Revenue Estimating Group's best available projections. We are not spending money that's already in the bank. We are not spending money that is already in the state coffers. My recommended budget contained approximately \$230 million dollars in this category of savings or hedge. Now, the expanded revenues since December may provide the option of adding to this amount.

I know that there's been much discussion about what's savings and what's not savings. My approach on the budget was to say, "What needs did we have to address? What hedge did we need against a drop in future revenues? And how do we make sure that we don't, frankly, get ahead of our headlights? How do we make sure that we're doing right in a kind of logical fashion?"

The discussion about added savings, I think, falls into two categories, and there's some additional money available to do that. In fact, I think the Appropriations Committee has recommended it. I would urge you to consider a proposal that was offered in one of the committees, or at least that I read about in the paper, to look at expanded reserve accounts, not just the Permanent Mineral Trust Fund.

I am one of those people who were around in the coal boom when we socked away about \$800 or a billion dollars in various operating accounts. Toward the end of Herschler's term, the revenues began to decline. We began to access those accounts. And if you look at the bulk of Sullivan's two terms, they relied on those accounts to keep much of state government afloat because we were about \$100 million short each year.

One of the things that we need to do is to balance our need for long-term savings with our need for savings that we can have access to. What I would suggest is that, over the next few years, we consider a process where we have short-term savings that keep us in place through the biennium and at the end of the biennium, if they haven't been called on, you transfer them immediately to the Permanent Mineral Trust Fund to keep those funds at the right level.

This question about savings vs. investment vs. operating expenses is one of those things in which, if ever there was truth to Mark Twain's admonitions that "liars figure and figures lie," it is absolutely in that. We can categorize things any way that we want. What I'm asking you to do is to think about the needs of this state, which have been addressed in terms of plans and programs, and about which we've always said, "If we get the money, we'll do them." Do some of those. Put some money in savings and then let's look forward and see what happens in terms of the next generation of budget numbers.

STATE EMPLOYEES

This budget addresses the need for realistic salary and benefits for the public sector employees at the university, the community colleges and state agencies. You, as a body, have demonstrated your sensitivity to public employee issues by the way you have given salaries to your own legislative staff. I have tried to follow your lead in formulating a compensation package for the executive branch.

UTILITY TAX BREAK

We are going to offer a proposal that relates to residential sales tax. We are not including business tax or business operations largely because of the cost. But I will tell you – and I think most of the people in this room know – that when you travel this state, a great concern to citizens is their utility bills. And for an awful lot of industries, particularly those that are energy-intensive in terms of consumption, the cost of energy is significant and difficult.

The thing that's interesting is it's a two-edged sword in Wyoming. We celebrate the increase in gas prices because of its consequences for part of the state, both in terms of development and in terms of revenues. But, for many in the state, the increase in gas prices, the increase in utility bills, the increase in the cost for heating or for processing sugar beets, turns out to be an incredible burden. We can't do much, but we can do a little, and I hope that you will consider it.